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COMMERCE FOR NOAA

STATE PASS INTERIOR FOR OIA

STATE FOR EAP/ANP, IO/EDA, DRL, AND OES/OA

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SUBJECT: OUTCOMES OF THE 38TH SPC CRGA MEETING IN NOUMEA, NEW CALEDONIA, OCTOBER 13-17, 2008

REF: A) Suva 386

This message contains an action item for DRL, IO, and EAP. Please see paragraphs 9 and 10.

11. Summary: Institutional growth and change were the dominant themes of this year's annual SPC meeting in New Caledonia where members endorsed the SPREP Meeting decision on regional institutional restructuring and discussed other sweeping changes, including creation of a new Public Health Division. The meeting approved a 2009 budget that represents a dramatic expansion of programmatic and project funding and activity and considered a wide array of members' concerns ranging from regional shipping arrangements to food security to communications infrastructure. End Summary.

12. The 38th meeting of the Committee of Representatives of Governments and Administrations (CRGA) of the Pacific Community (SPC) took place in Noumea, New Caledonia, October 13-17, 2008. Twenty-four of SPC's member countries and territories took part, with only Guam and the Commonwealth of the Northern Mariana Islands (CNMI) not in attendance. Toetasi Fua Tuiteleleapaga, Chief Legal Counsel in the Office of the Governor of American Samoa ably chaired the meeting and was widely praised for the skill and good humor he deployed throughout the proceedings. EAP/ANP's Aleisha Woodward headed the U.S. delegation. Cooperation between the U.S. and American Samoan delegations was excellent.

13. Institutional growth and change were the dominant themes of this year's CRGA. The organization has doubled in size over the past twelve years, and its growth is set to continue unabated. Infusions of funding from the GEF, the Global Fund, and the EU have fed the rapid expansion of SPC's programmatic activities in recent years, while the impact of higher project management fees, as well as exchange rate gains and higher than anticipated bank interest have given the organization a mid-year core budget surplus more than 5% above approved 2008 budget levels. These factors allowed the secretariat to table a balanced budget for 2009 of 65,790,200 CFP

units (approximately 75,000,000 USD) that is over 33% above the approved 2008 budget. The 2009 budget includes salary increases of between 9.5% and 15.5%, which the meeting approved, as well as significant new hiring in corporate services and selected program areas. Although some members, including the U.S. and French Polynesia expressed concerns over the implications of funding staff expansion with windfall interest and exchange rate gains the Director General's assurances that these recurring costs could be met from existing resources carried the day and the budget was approved.

¶4. The rosy financial situation neither prevented the secretariat from proposing a 4% inflation adjustment, which members rejected, nor from calling for a change in policy to adopt a "same real budget" approach that would factor in annual increases for assessments. A number of delegations, including France, Samoa, Australia and the United States, spoke against this policy change, which was also rejected. The secretariat noted that the scale of assessments is due for review next year. (Comment: Significant upward adjustments will likely be required from many members, although not from the United States, to cover costs of programs migrating to SPC from other regional organizations to which we do not belong. See paragraphs 7 and 8 below. End Comment.)

¶5. The dramatic expansion of health activities led the Secretariat to pull the Public Health Program out of the Social Resources Division to form a new Public Health Division. (According to the Director General's Report, the Global Fund is now the second largest source of funds for SPC, behind Australia, although the bulk of Global Fund money only passes through SPC and is redistributed to

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member countries as grants. SPC was, nevertheless, managing over \$18 million in Global Fund grants as of July 2008.)

¶6. Despite a generally expanding financial resource base, an interruption in EU funding, caused by delays in reaching agreement on the next round of Pacific regional development assistance (EDF 10), is threatening to disrupt some programs in agriculture and fisheries in 2009. In the view of the secretariat this interruption highlights SPC's vulnerability to the vicissitudes of project funding, on which it continues to rely heavily. Australia and New Zealand confirmed for the meeting that they are considering options for bridge funding for the affected programs. (Note: The EU provided approximately 18% of total SPC funding in 2008 but is budgeted for only 8% for 2009 because of the gap between the expiring EDF 9 and the anticipated start of EDF 10 funding. End Note.)

¶7. The Pacific Islands Forum (PIF) 2007 and 2008 leaders' decisions relating to the Regional Institutional Framework (RIF) Review is also fueling SPC's growth plans. Members endorsed the process for managing the RIF-inspired "rationalization" of the functions of the South Pacific Applied Geosciences Commission (SOPAC) into SPC and the South Pacific Regional Environmental Programme (SPREP) that was agreed to at the 19th SPREP Meeting in Pohnpei in September (reftel) with only minor additions to the decision criteria for determining what SOPAC programs go where. The additional criteria are: transparency and timeliness with respect to the process, and effective involvement of stakeholders; cost-effectiveness; and analysis of the core function of each SOPAC program to assess whether it is primarily an environmental or economic development program. (Note: the SOPAC Governing Council endorsed its own minor variant of the SPREP RIF decision at its annual meeting in Tuvalu on October 30. The CEOs of the three organizations have begun consultations to implement the decision. End Note.)

¶8. In addition to the major expansion of the organization that is likely to result from the dissolution of SOPAC, SPC is also set to absorb the South Pacific Board for Educational Assessment (a small Suva-based Pacific regional organization that PIF leaders also decreed be disbanded in their RIF decisions). Other RIF-driven restructuring is underway, and the meeting was advised that talks are ongoing between SPC and the Forum Fisheries Agency to more clearly differentiate their functions, and between the SPC and the PIF Secretariat on transferring PIF programmatic functions in

energy, transportation, and infrastructure to SPC. This impending transfer of functions from the PIF prompted Director General Jimmy Rodgers to announce his intention to create yet another new division devoted to these three issues and to transfer the SPC's Regional Maritime Program (responsible for shipping and port issues) from the Ocean Resources Division into this new division. These new arrangements will be presented to the SPC Conference next year for formal endorsement.

¶9. Last year's SPC Conference approved the transfer of the eleven-member Pacific Regional Rights Resource Team (RRRT) from UNDP's Pacific Center to SPC. This Suva-based program is a technical advisory and training team specializing in human rights and governance issues. RRRT has developed a draft strategic plan for 2008-2012 that it presented to members for their comments. In introducing the plan, RRRT program manager Sandra Bernklau explained that human rights are often mistaken for political rights only, when, in reality, "human rights is essentially about service provision and meeting basic human needs such as health care, education, employment and protection of resources," in order to promote human development. In the course of her presentation and subsequent discussion she noted the human rights aspects of a diverse set of issues ranging from copyrights to climate change.

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Accordingly, RRRT's draft strategic plan has a strong emphasis on social and economic rights. The CRGA meeting decision invited members to provide inputs to the proposed strategic plan within six months--by April 15, 2009.

¶10. Action Request for DRL, IO, and EAP: Please review the RRRT draft strategic plan in order to provide U.S. input by the deadline. The document is available from EAP/ANP (Aleisha Woodward).

¶11. Another aspect of SPC's expansion that received considerable attention is "decentralization." In an effort to improve services in the under-served North Pacific, SPC opened a sub-regional office in Pohnpei, FSM, in 2006. After some start-up problems, the move is now generally considered a success and other sub-regions want offices too. Consequently plans are underway to open a Melanesia office in PNG and the SPC secretariat is discussing placement of a Polynesia office in either French Polynesia or the Cook Islands after that.

¶12. In other business, the meeting reviewed activity reports and work plans for SPC's three existing program divisions (Ocean Resources, Land Resources, and Social Resources). American Samoa reported on the Tenth Festival of Pacific Arts, which it hosted in July 2008, and acknowledged support from the U.S. Department of the Interior. The meeting approved terms of reference for a major study on the future of fisheries pending further comments from members, which were due by October 31. (Note: EAP/ANP coordinated submission of U.S. comments with OES/OMC before the deadline. End note.) It approved establishment of a Millennium Development Goals monitoring support framework for PICs. (The U.S. joined consensus on the measure only after reiterating our position that, while we support the MDG's themselves, we have not endorsed the UN secretariat-generated targets and indicators that are frequently employed to measure progress against them.)

¶13. The meeting also considered special reports with recommendations on food security, climate change adaptation, sustainable land management, public health challenges, shipping and commodity mapping in small island states and territories. It also discussed various communications infrastructure initiatives including; the Pacific Regional Internet Connectivity System (PACRICS); the South Pacific Information Network, an East-West submarine cable project, which numbers American Samoa among its six confirmed participants; and a One Laptop per Child pilot project that prompted concerns from some members about its dubious educational benefits, high costs and child exploitation dangers. Members also discussed SPC's role in implementing the PIF's Pacific Plan and were briefed on Australia and New Zealand's joint review of their assistance to Pacific Regional Organizations.

¶14. Final housekeeping issues:

--Observers and EU associate membership: In response to member requests, the secretariat plans to undertake a study of invitation procedures and criteria for NGO observers to SPC meetings and will also follow-up on an inquiry from the EU about possible associate member status.

--Arrears (CNMI): In the process of accepting the auditor's report for 2007, members again discussed the issue of arrears. The meeting supported the secretariat's decision to reject the auditor's recommendation to "provide for" (i.e. write off) long outstanding arrears and requested members that are in arrears to draw up a schedule to settle their debts. According to documentation circulated by the secretariat, CNMI is among the most indebted members and is now over \$230,000 (USD) in arrears.

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--Future meetings: CRGA 39 will take place in Tonga from 30 September through 2 October 2009 under the chairmanship of Australia. This meeting will be followed by the 6th Conference of the Pacific Community on the 5th and 6th of October.

115. This cable was cleared by delegation head Aleisha Woodward.

McGann